

PERS EMPLOYER ADVISORY GROUP MEETING

NOTES

DATE: 10/18/2019

TIME: 10:00AM-12:00PM

PERS HEADQUARTERS

TYPE OF MEETING	PERS EMPLOYER ADVISORY GROUP MEETING	
FACILITATOR	Sam Paris	
NOTE TAKER	Tamie Johnson	
CALL IN NUMBER	(877) 411-9748; participant code: 510922	
ATTENDEES	<p>Present: Jeff White, Marion County; Michelle Morrison, Hillsboro School District; Nancy Brewer, City of Corvallis; Nathan Klinkhammer, Portland State University; Rich McDonald, Chemeketa Community College; Sandra Montoya, City of Woodburn; Shauna Tobiasson, Department of Administrative Services; Trudy Vidal, Department of Administrative Services;</p> <p>PERS: Alison Burman; Dean Carson; Eleanor Probasco; Elizabeth Rossman; Kevin Olineck; Laurel Galego; Marjorie Taylor; MaryMichelle Sosne; Sam Paris; Stephanie Vaughn; Tamie Johnson; Yvette Elledge-Rhodes</p> <p>Phone: Bonny Ray, Oregon State University; Ralph Wyatt, Linn County; Scott Winkels, League of Oregon Cities; Connie, City of Gresham</p>	
TIME: 10:00 - 10:01	WELCOME	SAM PARIS
PURPOSE/GOAL	Introductions	
Sam welcomed the Employer Advisory Group.		
TIME: 10:02 - 10:33	SB 1049 PROGRAM	YVETTE ELLEDGE-RHODES
PURPOSE/GOAL	Provide Program update.	
<p>An overview of implementation of SB 1049 was provided. Board memo that was distributed had some project status reports. PERS is required by DAS & EIS (formerly known as OSCIO) to put project through the Stage Gate process, which includes documentation and external reporting/review/approval, and has hired project managers to assist with this effort.</p> <p>Employer Programs project is in green status; not a lot of technology is required.</p> <p>Work After Retirement and Salary Limits projects have an implementation date of January 1, 2020. With short deadlines, looking at short and long term plans for meeting deadlines. Developing program and project documentation to be able to produce a Minimum Viable Product on January 1.</p> <p>Salary Limits- has a smaller population; there is a workaround.</p> <p>Work After Retirement will require invoicing employers in the future. These two projects are yellow due to the compressed project timeline to deliver 1/1.</p> <p>Voluntary contributions is yellow; it is a very large project. Initial Stage Gate process is going well. Having an external quality management vendor and EIS oversight has been very helpful.</p> <p>PERS met with Milliman this week to talk about WAR, Employer Contributions, and Redirect. The concept is the redirect will show up in 2021-2023 rates as an offset. High level offset to the normal cost. Milliman is looking to see that it meets needs. When rates are published a year from now, it will take redirect into account.</p>		

Member Choice project is just getting started. Implementation date January 1, 2021. PERS will have to send out an election to see if members want to choose a different target fund.

Communication (Dean Carson):

We are in the process hiring an Employer Communication Specialist to ensure member communication is more robust and make more progress on the employer side. We have two different main webpages; one for members and one for employers. We expect employers to see an impact for the 2021-2023 biennium. The webpage is updated with the most current information we have. We are trying to reiterate that unless you make \$195,000 or more, SB 1049 does not affect your pension. PERS plans on sharing videos, graphics, and web information to make sure we communicate as much as possible and make sure employers have more to communicate with their staff.

Member Choice: In Fall 2020 there will be a separate period, to choose what target date fund members select for the next year. Annual statements are for the previous year.

OARS (Stephanie Vaughn):

For SB 1049, we have rules open for public comment. The Employer Programs are still open, scheduled for adoption at December's board meeting. If employers have anything to provide, there is a hearing scheduled for October 29. Public comment ends on November 4.

TIME: 10:34 - 10:47

EMPLOYER PROGRAMS

YVETTE ELLEDGE-RHODES

PURPOSE/GOAL

Provide the group with an update on the Employer Programs project.

MaryMichelle Sosne- Any employer opinions about the wait list and/or 90 day wait rules- for the Employer Incentive Fund, now is the time to voice them. You can do so by emailing Daniel.Rivas@pers.state.or.us and referencing OAR 459-009-0092.

We are halfway through EIF, we have matched just under \$15 million from EIF and have \$85 million to go. Half of the employers who have been approved can expect their UAL to be under 200% when they make their lump sum payment.

If you want a December 1 rate offset, you need to submit your actuarial calculation by the end of this month. Follow up email will be sent with more information.

Eligible side accounts from 2018-2019 qualify for over \$20 million in matching funds from the Employer Incentive Fund, if you created a side account in 2018-2019 and meet EIF eligibility requirements, make sure to apply!

Employers that need help presenting this information, please contact

actuarial.services@pers.state.or.us, MaryMichelle is happy to work with you or attend your meeting.

PERS website has data showing how much money is remaining and is updated on a weekly basis. Of the 29 EIF employers who will be making their lump sum payments this year, 13 of those employers will have reduced their UAL as a % of payroll below 200% based on data from the 12/31/2017 valuation.

The full application window opens December 2, but the payment is not required until next August. EIF is intended to be flexible to work with employers budgets. However, if you are able to make a payment by the end of 2019, those payments become assets reported in the valuation and improve the system-wide funded status. Long term budget strategy for employer. EIF application is per eligible payment not per eligible employer. Employers can make multiple side accounts and received the maximum match per payment or make one side account and make multiple payments, as long as each payment is at least \$25,000 it is eligible for a match.

Email actuarial.services@pers.state.or.us for additional questions.

Below are the average annual earnings for side accounts since 2008. As a reminder, side account rate offsets are only recalculated during rate-setting valuations.

Average Side Account Earnings 2007 to 2018	
Calendar Year	Average Earnings/Loss
2007	10.22%
2008	-27.83%
2009	19.52%
2010	13.13%
2011	2.96%
2012	15.39%
2013	16.67%
2014	7.79%
2015	2.25%
2016	7.65%
2017	16.71%
2018	0.56%

TIME: 10:48 - 10:50 SALARY LIMIT YVETTE ELLEDGE-RHODES

PURPOSE/GOAL Provide the group with an update on the Salary Limit project.

Eleanor Probasco- We have ability to enter limits for Tier Two and OPSRP. We need to develop the process for Tier One. This is lowering the salary limit from the amounts in previous years. The manual workaround is the data comes in and PERS lets employers know when they are coming close. PERS is working on getting EDX system validations in place. Based on 2018 data it was around 600 members.

TIME: 10:51 - 11:04 WORK AFTER RETIREMENT YVETTE ELLEDGE-RHODES

PURPOSE/GOAL Provide the group with an update on the Work After Retirement project.

Eleanor Probasco- Not as easy of a lift. Concerned about getting retirement info in and invoicing employers. Trying to connect the pieces through statements and the system. Based on 1/1/2020 implementation we are looking at how we can make the impact smaller, may not be able to invoice on time. Looking at a couple new wage codes. If they are working under 600 hours, hiring decision how long they can work might be a consideration, as far as seeing if they are an early retiree and disability retiree and who is a service retiree because they are treated differently. Looking at these things in elaboration meetings, we plan on updating as much as possible and keeping on track what we can get done on time. When we have a better idea of what will and will not be in place, we will inform employers. People making hiring decisions, please be flexible and know that if members retire early and have not had a six month break, they might not hear from us right away (i.e. that they may not have been actually retired and cannot be working while receiving retirement benefits). Depending on how many months before we find out about it, they might have to pay back their additional benefits on invoice. Employers report people, PERS wants to have a handle on the data so we can communicate to the Employer and member as soon as we notice. Automation is not in place, so we will have a transition to get there. Employers have hiring criteria defined already, how many retirees they bring back will impact what they budgeted. Plans are to make resources available, right now we're using some of the questions to update our materials.

TIME: 11:04- 11:37		MEMBER REDIRECT	YVETTE ELLEDGE-RHODES
PURPOSE/GOAL	Provide an update on the Member Redirect project and gather feedback.		
<p>Dean Carson- High-level strategy to have videos and online information. We have December 1 newsletter and April 1, annual statements go out, need to make sure by February/March that members make sure their address and emails are updated and sign up for GovDelivery so they are receiving all the information planned to send out. Offset employer normal cost starting with the 21-23 valuation. Have members go to GovDelivery to sign up. If they are actively employed, member addresses come from employers. Suggestion made by employer for PERS to have meeting with HR before blast of information, could provide handouts for employers to give to staff, employers may be a better tool to contact active employees.</p> <p>Eleanor Probasco- Voluntary contributions- this is new. Looking at how to get the data from Employers into member accounts. It looks like there may be a file format change. Assumption election is at the employer's level. Having contributions put through on the employer payroll, then getting contributions through employer file. Needs to match exact amount of redirect (2.5% or 0.75%) and be after tax. Redirect is effective July 1, 2020. Need to make sure we can stand up the EPSA, file format. Looking at adding one more data field at this time. We may ask employers which vendor and version of payroll software they use. PERS has to look at what we can technologically put in place by July 1. In the process of figuring out what can be done in IAP in total- in initial elaboration stage of what we can do and when we can do it. We are exploring all the possible solutions. We are trying to meet the statutory mandate. Separate file for voluntary contributions is another alternative. We are writing up a business case for all the options. Considering challenges and concerns on employers' end and available options.</p> <p>We want to gather information from employers for the lift for file format. Still thinking through of how to handle retroactivity. We may need to reach out to employers more frequently via conference calls or an additional meeting in the next month or two to run things by employers. PERS would like to continue to run communications by employers too. An EAG participant suggested sending a survey if PERS has multiple solutions to run available choices by employers.</p>			
TIME: 11:38 - 11:44		MEMBER CHOICE	YVETTE ELLEDGE-RHODES
PURPOSE/GOAL	Provide the group with an update on the Member Choice project.		
<p>Eleanor Probasco- At beginning stages of getting Member Choice team set up. Concepts of how we're going to do Member Choice. Make sure email address is updated. Looking at Fall 2020. Potentially will leverage Voya's contract and capabilities to do a microsite. OIC and PERS do not have a retail system to do daily valuations. Disclosures incorporated into SB 1049.</p>			
TIME: 11:44 - 11:46		PROPOSED 2020 EAG DATES	SAM PARIS
PURPOSE/GOAL	Schedule 2020 EAG meeting dates.		
The 2020 dates are January 17, April 17, July 17, and October 16.			
Next Meeting Facilitator: Sam Paris			
Next Meeting Date & Time: January 17, 2020 10:00 AM - 12:00 PM			